

Independent Auditors' Report

To the Members of Tata Motors Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Tata Motors Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information, and includes two joint operations consolidated on a proportionate basis.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate financial statements of one joint operation as was audited by the other auditor, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

A. Impairment testing of long-life property, plant and equipment and intangible assets of passenger vehicles cash generating unit

The Company has identified passenger vehicle segment as a separate cash generating unit ('CGU'). The history of losses in the passenger vehicle business led the Company to perform an impairment assessment as at 31 March 2019.

The annual impairment testing of passenger vehicle CGU involves significant judgements and estimates in assessing the recoverable value. The recoverable value is considered to be the higher of the Company's assessment of the value in use (VIU) and fair value less cost of disposal (FVLCD).

There is a risk over the Company's assessment and measurement of impairment due to:

- VIU: uncertainties involved in forecasting of cash flows, including key assumptions such as future sales volumes, prices, margins, overheads, growth rates and weighted average cost of capital.
- FVLCD: uncertainties involved in identifying appropriate comparable companies, estimating their market multiple and estimating the depreciated replacement cost of fixed assets.

(Refer note 2{p} of the standalone financial statements)

How the matter was addressed in the audit

The audit procedures included:

- **Identification:** Obtained an understanding of Company's evaluation of identification of passenger vehicles segment as a cash generating unit;
- **Controls:** Tested management review controls on the assumptions including underlying cash flow forecasts and impact of macro-economic factors on the forecasts. Tested management's review of the discounted cash flow calculations performed to support the impairment assessment including benchmarking of key assumptions (discount rates, growth rate) and assessment of sensitivities;
- **Completeness and accuracy of the VIU model:** Obtained valuation computation performed by the Company for its impairment assessment and agreed the mathematical accuracy of the VIU by recalculating the cash flow build up;
- **Cash flow forecast assumptions:** Involved independent valuation specialists to assist in the evaluation of the assumptions (discount rate which included comparing

the weighted average cost of capital with sector averages for the relevant markets in which the CGU operates and long-term growth rate) and challenged the key assumptions and judgements within the build - up of the cash flow forecast (such as future sales volumes and prices, margins, overheads etc.) and methodologies used by the Company and its experts;

- **Sensitivity analysis:** Assessed the sensitivity of the outcome of impairment assessment to changes in key assumptions such as volumes and margins;
- **FVLCD assumptions:** Compared the market multiple used in the FVLCD to comparative companies and to market data sources with the assistance of specialists.

Description of Key Audit Matter

B. Capitalisation of product development cost

Product development costs incurred on new vehicle platforms, engines, transaxles and new vehicles are recognised as intangible assets only when technical feasibility has been established, the Company has committed technical and commercial resources to complete the development and use the intangible asset and it is probable that the asset will generate future economic benefits.

The costs capitalised during the year include the cost of technical know-how expenses, materials, direct labour, inspecting and testing charges, designing cost, software expenses and directly attributable overhead expenditure incurred up to the date the intangible asset is available for use including interest capitalised.

The capitalisation of product development cost is considered to be a key audit matter given that the assessment of the capitalisation criteria set out in Ind AS 38 'Intangible Assets' is made at an early stage of product development and there are inherent challenges with accurately predicting the future economic benefit, which must be assessed as 'probable' for capitalisation to commence. There is a risk therefore that development cost may get capitalised where the relevant criteria has not been met.

(Refer note 2{m} and note 5 of the standalone financial statements)

How the matter was addressed in the audit

The audit procedures included:

- **Controls:** Tested the Company's design and implementation and operating effectiveness of controls around initiation of capitalisation of the product development cost including:
 - management review controls over calculations of the future economic benefit of the projects;

- observed management's validation of relevant data elements and benchmarking the assumptions;
- evaluating management's assessment of whether costs recorded meet the capitalisation criteria;
- observed management's assessment of sensitivity of the impact of the changes in key assumptions;
- discussed with senior management and challenged management assumptions including key inputs such as volumes, expected revenues and associated costs on projects which have lower headroom.
- **Test of details:** On selected sample of amounts capitalised, we tested:
 - costs incurred towards projects;
 - inspected the technical team's approvals for initiation of capitalisation;
 - reviewed the central cost allocation for the year and determined costs capitalised are 'directly attributable' including the interest capitalised.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company including its joint operations, in accordance with the accounting principles generally accepted

in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the Company and its joint operations are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and its joint operations and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the preparation of the standalone financial statements by the Directors of the Company, as aforesaid.

In preparing the standalone financial statements, the respective management and Board of Directors of the Company and its joint operations are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and its joint operations is responsible for overseeing the financial reporting process of each company.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of standalone financial statement and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company (including its joint operations) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Company and its joint operations to express an opinion on the standalone financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the standalone financial statements, which have been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in section titled 'Other Matter' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in

the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

We communicate with those charged with governance of the Company and such other entities included in the standalone financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements of one joint operation included in the standalone financial statements, whose annual financial statements reflect total assets of ₹6,345.87 crores as at 31 March 2019, total revenue of ₹6,782.43 crores and net cash flows amounting to ₹75.02 crores for the year ended 31 March 2019, as considered on a proportionate basis in the standalone financial statements. These annual financial statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the standalone financial statements, to the extent they have been derived from such annual financial statements, is based solely on the report of the other auditor. Our opinion on the standalone financial statements is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order for the Company (excluding its joint operations), to the extent applicable.

2. (A) As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of a joint operation, as were audited by the other auditor as noted in the "Other Matter" paragraph, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company and its joint operations so far as it appears from our examination of those books and the report of the other auditor.
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the relevant books of account
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors and the report of the statutory auditors of the joint operations, none of the directors of the Company and its joint operations is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and its joint operations which are companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements of a joint operation, as noted in the "Other Matter" paragraph:
 - i. The standalone financial statements disclose the impact of pending litigations as at 31 March 2019

- on the financial position of the Company and its joint operations. Refer note 39 to the standalone financial statements;
- ii. Provision has been made in the standalone financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer note 49 (iv) to the standalone financial statements;
 - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Company or its joint operations incorporated in India during the year ended 31 March 2019.
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):
- In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such joint operations incorporated in India which were not audited by us, the remuneration paid during the current year by the Company and joint operations to its directors is in accordance with the provisions of Section 197 of the Act, as applicable. The remuneration paid to any director by the Company and joint operations is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.
- For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022
- Yezdi Nagporewalla**
Partner
Membership No: 049265
- Place: Mumbai
Date : 20 May 2019

Annexure A to the Independent Auditors' Report - 31 March 2019

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of the Company on the Standalone financial statements for the year ended 31 March 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for certain tools where the Company is in the process of updating the location.
 - (b) The Company has a regular program of physical verification of its fixed assets by which its fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. During the year, the Company has physically verified a substantial portion of the fixed assets as per the program and has represented that the balance will be verified next year. According to the information and explanations given to us, no material discrepancies were noticed on verification of fixed assets.
 - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the registered sale deed /transfer deed /conveyance deed /court orders approving schemes of arrangements /amalgamations provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date except for certain title deeds for land amounting to ₹525.80 crores which are yet to be transferred in the name of the Company. In respect of immovable properties that have been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The inventory including inventory lying with third parties, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
 - (iii) According to information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no amount overdue for more than 90 days at the Balance Sheet date.
 - (iv) According to the information and explanations given to us, the Company has complied with provisions of section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
 - (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. In respect of unclaimed deposits, the Company has complied with the provisions of section 73 to 76 of the Act and the rules framed thereunder.
 - (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of the products manufactured by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of manufacture of products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
 - (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Duty of customs, Goods and services tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, except for Provident fund dues referred to in note 39 to the financial statements. We are informed by the Company that the Employee's State Insurance Act, 1948 is applicable only to certain locations of the Company. With regard to the contribution under the Employee's Deposit Linked Insurance Scheme, 1976 (the scheme), the Company has sought exemption from making contribution to the scheme since it has its own Life Cover Scheme. The Company has made application on March 28, 2017 seeking an extension of

exemption from contribution to the Scheme for a period of 3 years which is awaited. As explained to us, the Company does not have dues on account of Sales Tax, Service Tax, Value Added Tax and Duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income tax, Duty of customs, Goods and services tax and other material statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became

payable. We draw attention to note 39 to the financial statements which more fully explains the matter regarding non-payment of provident fund contribution pursuant to Supreme Court judgement dated 28 February 2019.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, Value added tax, Goods and services tax, Duty of customs and Duty of excise which have not been deposited by the Company with appropriate authorities on account of any disputes except for the following:

Name of the statute	Nature of dues	Amount (₹ Crores)	Amount paid under protest* (₹ Crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	2.78	2.78	1982-83, 1991-92 and 1995-96	High Court
		147.27	147.27	2003-04, 2005-06 to 2011-12 and erstwhile Tata Finance Limited 1997-98 to 1999-2000	Income Tax Appellate Tribunal
		121.12	121.09	2012-13 to 2014-2015 and erstwhile Tata Motors Drivelines Limited 2015-16	Commissioner of Income Tax Appeals
Central Excise Act, 1944	Duty of excise	133.00	45.52	1991-92 to 1993-94, 2002-03, 2005-06 to 2010-11	High Court
		1,439.53	25.51	1991-92, 1992-93, 1994-95, 1996-97, 1997-98, 1999-2000 to 2017-18	The Custom, Excise and Service Tax Appellate Tribunal
		40.19	1.73	1984-85, 1999-2000 to 2017-18	Appellate Authority upto Commissioner's level
Finance Act, 1994	Service tax	1,086.69	10.79	2004-05 to 2013-14	High Court
		76.14	4.64	2003-04, 2006-07 to 2008-09, 2010-11, 2013-14, 2014-15, 2017-18	The Custom, Excise and Service Tax Appellate Tribunal
		7.43	0.15	2004-05 to 2009-10, 2011-12, 2013-14 to 2017-18	Appellate Authority upto Commissioner's level
Sales Tax	Sales tax	13.18	-	1995-96	Supreme Court
		301.93	70.95	1984-85 to 1988-89, 1990-91, 1992-93, 2001-02 to 2005-06, 2007-08 to 2016-17.	High Court
		92.22	14.07	1983-84, 1985-86, 1989-90, 1998-99, 2000-01, 2004-05 to 2015-16	Sales Tax Tribunal
		545.03	28.62	1979-80, 1986-87, 1989-90 to 2018-19	Appellate Authority upto Commissioner's level
Customs Act, 1962	Duty of customs	3.90	3.90	2011-12	Supreme Court
		7.49	3.11	2008-09	The Custom, Excise and Service Tax Appellate Tribunal

* includes refunds adjusted by the authorities.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and dues to debenture holders. The Company did not have any outstanding dues to any financial institution or government during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised money by way of further public offer (including debt instruments) during the year and the term loans taken by the Company have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act for the year ended 31 March 2019.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act and the details, as required by the applicable accounting standards have been disclosed in the standalone financial statements.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

For **BSR & Co. LLP**
Chartered Accountants
 Firm's Registration No: 101248W/W-100022

Place: Mumbai
 Date : 20 May 2019

Yezdi Nagporewalla
Partner
 Membership No: 049265

Annexure B to the Independent Auditors' Report - 31 March 2019

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Tata Motors Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date which includes internal financial controls with reference to financial statements of the Company's joint operations which are companies incorporated in India.

In our opinion, the Company and its joint operations which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company and its joint operations considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial

statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of a joint operation in terms of their report referred in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of

collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to standalone financial statements in so far as it relates to one joint operation, which is a company incorporated in India, is based solely on the corresponding report of the other auditor.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Place : Mumbai
Date : 20 May 2019

Yezdi Nagporewalla
Partner
Membership No: 049265